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## **Most farm organizations embrace Peterson amendment, but not climate change bill**

By Sara Wyant

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Farm organization leaders and staff members have been scurrying in recent days to analyze the latest draft of the American Clean Energy and Security Act, which topped 1,200 pages this week, and a new 49-page amendment from House Agriculture Committee Chairman Collin Peterson (D-MN), which addresses many concerns voiced by the agricultural community. Reactions started to emerge Thursday afternoon, with almost unanimous endorsement of the Peterson amendment and high praise for the Chairman's efforts. However, the majority of the major farm groups still oppose the overall bill.

Three leading farm groups urged support:

### **National Farmers Union President Roger Johnson:**

"NFU strongly urges members of the House to support the Peterson amendment and a related manager's amendment dealing with early actors. Upon approval, we urge members to vote in favor of the climate change legislation," NFU President Roger Johnson said. "A strong offset program overseen by the U.S. Department of Agriculture and the recognition of early actors will ensure America's farmers and ranchers can be a part of the climate change solution."

### **National Association of Wheat Growers President NAWG Karl Scronce:**

"NAWG policy supports climate change legislation allowing agricultural greenhouse gas offsets to be utilized as an unlimited source of greenhouse gas emissions offsets, and we have signed onto nine industry principles for pending legislation. H.R. 2454 with changes as negotiated by House Agriculture Committee Chairman Collin Peterson will contain language effectively adhering to the former and satisfying nearly all of the latter. In fact, the changes Chairman Peterson negotiated also address additional concerns about regional flexibility, biomass production and indirect land use calculations. Therefore, NAWG supports the passage of H.R. 2454 with the Peterson amendment.

### **American Farmland Trust President Jon Scholl:**

“The American Clean Energy and Security Act of 2009 could be the most sweeping conservation legislation enacted in the 21st century. If done properly, this legislation could create incentives to improve stewardship on hundreds of millions of acres of American farm and ranch land and produce low carbon renewable fuels on farms. This would bring new sources of income to producers. We support this bill moving forward to a successful vote on the House floor.”

### **The National Corn Growers Association decided to remain neutral.**

NCGA President Bob Dickey said that his organization is pleased with the agreement that was reached in the Peterson amendment, but wants more changes.

“NCGA supports adoption of the Peterson amendment during House floor consideration, but due to the complexity of the bill, recent changes to the legislation and the short period of time to analyze the legislation, NCGA will remain neutral on the overall bill until we can fully analyze the impact on our growers.”

“Recent negotiations on H.R. 2454 have produced tremendous progress from the original version of the legislation. However, NCGA will continue to work to address items not included in the final language that are of great importance to our industry. Specifically, the association will continue to advocate for producers who have been engaged in no-till and conservation tillage practices since earlier than 2001 to ensure they will not be unfairly penalized by being disqualified from an offsets market when continued carbon sequestration is achievable on their land. NCGA urges members of Congress to consider the implications of policies that create incentives for farmers to release previously stored carbon into the atmosphere in order to benefit from a cap and trade market.

**The American Soybean Association** leadership team is meeting this morning to discuss their position on the bill, but sources expect them to oppose H.R. 2454.

### **The American Farm Bureau Federation**

AFBF is urging lawmakers to vote “yes” on an amendment authored by House Agriculture Committee Chairman Collin Peterson (D-MN), but “no” on H.R. 2454, the American Clean Energy and Security Act of 2009,

President Bob Stallman says the bill will “unquestionably impose enormous costs on the American economy, including agriculture.” An AFBF economic analysis shows that at a minimum, net farm income will decline by \$5 billion annually by the year 2020, if H.R. 2454 is passed.

“The \$5 billion impact is under the most optimistic set of assumptions,” Stallman said. “Those estimates do not begin to tell the story of what will happen when the program mandated by this legislation fully takes hold.” AFBF is concerned because the bill would result in a net economic cost to farmers with little or no environmental benefit. In addition, it creates an “energy deficit” for the United States by curtailing the use of fossil fuels without supplying any realistic alternative to make up the lost energy. Also, it does nothing to require other countries, such as China and India, to undertake similar programs.

### **National Milk Producers Federation President and CEO Jerry Kozak:**

“NMPF and its members continue to have serious concerns about the potential impact on dairy farmers of the proposed climate change legislation to reduce greenhouse gas emissions, but we are grateful for, and supportive of, the hard work that Rep. Collin Peterson (D-MN) and other rural lawmakers have put into the legislation. Until now, it wasn’t clear that dairy farms would even be able to produce greenhouse gas offsets from which they could profit under a cap and trade system of carbon regulation.

The agreement brokered yesterday by Peterson and the Energy and Commerce Committee leaders includes three critical points that NMPF had pushed for in the legislation:

It allows the USDA to be the regulatory body responsible for establishing the terms governing how farming operations could create offsets under a cap and trade scenario;

It allows those that already have manure digesters to participate in the offset program, regardless of when they installed their digester, or how it was funded. Any reductions in greenhouse gases from digesters would be considered additional reductions under the legislation;

Beyond digesters, the legislation would allow for a wide variety of practices to be considered offsets, such as reduced tillage practices, nitrogen efficiencies, and changes in livestock diets that reduce methane.

### **National Pork Producers Council NPPC Statement**

“With U.S. pork producers suffering record losses, the National Pork Producers Council cannot support climate change legislation even with the compromise language agreed to late Wednesday. NPPC is grateful to Chairmen Peterson and Waxman for reaching a compromise on language related to the agricultural greenhouse gas offset credits. Although NPPC supports the Peterson amendment – and urges lawmakers to vote for it when it comes up during floor consideration – the organization remains concerned about the overall cost to U.S. pork producers of the climate change bill.”

### **National Cattlemen’s Beef Association Statement:**

“While we appreciate all the work Chairmen Peterson and Waxman did to improve the bill for agriculture, our members remain concerned about the effects the climate bill could have on costs of fuel, electricity, feed, fertilizer, equipment, and other inputs necessary to maintain a cattle operation, as well as the costs of potential future regulation. Economists have estimated that the climate change bill would cause farm income to drop anywhere from \$8 billion in the short term to \$50 billion long term. As you know, the cattle industry has suffered significant economic setbacks lately, and if these estimates are close to being accurate, this bill could very likely push many operations over the edge.”

A coalition of food, feed and processing groups, including the **American Feed Industry Association, the American Meat Institute, the Institute for Shortening and Edible Oils, the National Chicken Council, the National Council of Farmer Cooperatives, the National Grain and Feed Association, the National Meat Association, the National Oilseed Processors Association, the National Turkey Federation and the North American Millers**

**Association** outlined their concerns in a letter to Speaker Pelosi and Minority Leader Boehner yesterday and called for further changes before they could support.

“Climate change legislation will have significant direct and indirect impacts on the nation’s supply chain of food and beverage providers, and, in turn, profound impacts on the food security of our nation. These are paramount considerations that Congress must consider and prioritize among the issues it is addressing. Legislative approaches must be carefully crafted not only to reduce greenhouse gas (GHG) emissions, but also to avoid adverse impacts on food prices and food accessibility.

“While food, feed, and beverage producers account for 1.21% of the nation’s direct GHG emissions, (Carbon Risks and Opportunities in the S&P 500 at 12), we will be more affected by cap-and-trade legislation than this suggests. All members of the food supply chain are disproportionately vulnerable to indirect costs passed through by suppliers. When considering the total GHG emissions from each sector, including suppliers, the food, feed, and beverage sector has the fourth largest exposure to carbon costs—more than the chemical, retail, basic resources, and automobile and parts sectors (Carbon Risks and Opportunities in the S&P 500 at 13). The food, feed, and beverage sector is also exposed to significant trade pressure. Yet, to date, Congress has not accounted for these disproportionate impacts on a sector that provides indispensable goods to American families.”

#### **National Cotton Council statement**

“The NCC commends Chairman Peterson’s stalwart efforts, in the face of formidable opposition, to successfully negotiate amendments to H.R. 2454 which authorizes USDA to develop and administer agricultural offsets in a cap-and-trade program. Upon consideration of the broad impacts of this legislation, however, NCC has concluded that the costs of higher energy and other production inputs for every sector of the U.S. cotton industry will far outweigh any benefits resulting from offsets. Production, marketing, and processing will be adversely affected in varying degrees. A preliminary analysis of direct energy costs related to production, ginning, marketing, and yarn spinning indicates that every 10% increase in input prices will increase costs by at least \$175 million. The estimate, which should be viewed as a lower bound, does not fully account for the ripple effects that higher energy costs will have on all industries that supply inputs to the U.S. cotton and textile industry.

NCC is deeply concerned about the international disparity that this bill would establish for U.S. industries. China and India, the two largest cotton and textile producing countries, are competitors with U.S. cotton in the international market. Both countries are significant and growing greenhouse gas emitters and both have thus far refused to sign onto any agreement to curtail their emissions. The additional production costs that will result from implementation of the provisions of H.R. 2454 will place U.S. cotton and cotton products at a clear disadvantage in international markets, which are critically important to the U.S. cotton industry. For these reasons, NCC urges support for Chairman Peterson’s amendments but can not support the bill without significant modifications and improvements to address the concerns outlined above.

**National Sorghum Producers Chairman Toby Bostwick:**

"The National Sorghum Producers recognizes, wholeheartedly appreciates, and supports the efforts of Chairman Collin Peterson to fight for agriculture's protection in negotiations on the American Clean Energy and Security Act of 2009. NSP strongly encourages members of Congress to vote 'yes' on Chairman Peterson's amendment to the bill and to vote 'no' on final passage of H.R. 2454.

"This piece of legislation has far reaching impacts that have the potential to affect every American citizen. Given the potential negative effects of this bill on cost of production and world competitiveness of agriculture producers, NSP cannot in the best interests of our producer members and agriculture in general, support the American Clean Energy and Security Act of 2009. The legislative process is an extensive one, but at this point, the bill leaves too many unanswered questions for our industry. NSP will remain involved in the legislative process as long as climate change legislation is under discussion.

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